

Message Text

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PAGE 01 BRASIL 00275 121332Z
ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02
CIEP-02 LAB-04 SIL-01 OMB-01 ITC-01 PRS-01 PA-02 /070 W
-----121347Z 017546 /54

R 121225Z JAN 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 9548
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

UNCLAS BRASILIA 0275

PASS USIA FOR IOP, ILA

E.O. 11652: N/A
TAGS: ETRD BR
SUBJECT: US IMPORTS OF NON RUBBER FOOTWEAR

1. SUMMARY: BRAZILIAN PRESS HAS CARRIED PRIMARILY FACTUAL
ACCOUNTS OF JANUARY 6 ITC RECOMMENDATION ON NON-RUBBER
FOOTWEAR. GENERAL REACTION HAS BEEN AS EXPECTED.
END SUMMARY.

2. FACTUAL REPORTS OF THE ITC'S MAJORITY RECOMMENDATION
OF TARIFF QUOTAS ON NON-RUBBER FOOTWEAR APPEARED IN
BRAZILIAN PRESS OVER JANUARY 8-10 WEEKEND. SAO PAULO'S
DIARIO DE COMMERCIO & INDUSTRIA AND RIO'S O LLDC (JAN.
04 QUOTED A MINISTRY OF INDUSTRY AND COMMEWKENC PWDSFANSAS
V

YJYING#THAT
"THE ITC RULING WAS A SERIOUS BLOW TO THE
BRAZILIAN SHOE INDUSTRY." HE ADDED " THAT BRAZILIAN SHOES
IN 1977 WILL NOT EARN THE \$180 MILLION OBTAINED IN 1976
SALES." THE MIC SPOKESMAN FURTHER STATED THAT "NEW MARKETS
ARE THE ONLY WAY OUT IN THE SHORT, MEDIUM AND LONG
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RUN. HOWEVER, ONLY THROUGH A PROCESS OF IMPROVED
BRAZILIAN PRODUCTS WILL WE BE ABLE TO COMPETE WITH
BRAZIL'S LEADING COMPETITORS SUCH AS SPAIN AND ITALY.
WESTERN EUROPE REPRESENTS AN OPEN MARKET FOR OUR
SHOES, BUT WE HAVE TO PRESENT SHOES OF FAR SUPERIOR
QUALITY AND SIMILAR PRICE." RIO'S O GLOBO STATED
THAT "THE OPINION IN GOVERNMENT SECTOR AND AMONG

MANUFACTURERS IS THAT GRADUALLY BRAZIL OUGHT TO ABANDON THE PRODUCTION OF LOWER QUALITY SHOES AND SANDALS AND SPECIALIZE IN BETTER QUALITY PRODUCTS."

3. SAO PAULO'S BUSINESS-ORIENTED GAZETA MERCANTIL (JANUARY 8) HEADLINED ARTICLE "SHOE MANUFACTURERS APPREHENSIVE ABOUT POSSIBLE RESTRICTIONS BY US," AND SAID: ".....MANUFACTURERS FEEL THAT ITC RECOMMENDATIONS ARE UNFAIR, BECAUSE THE GOB BY RECENTLY CANCELLING INCENTIVES FOR SHOES EXPORTS IS NOW IN COMPLIANCE WITH MID-1976 AGREEMENT. AT TIME OF AGREEMENT, IT WAS ANNOUNCED THAT WHEN INCENTIVES WERE CANCELLED BRAZILIAN SHOES WOULD NOT BE SUBJECT TO FURTHER RESTRICTIONS IN US MARKETS."

4. COMMENT: REACTION TO THE ITC RECOMMENDATION AMONG BRAZILIAN PRESS AND GOVERNMENT OFFICIALS HAS BEEN ABOUT AS EXPECTED. GOVERNMENT AND PRESS SEEM TO HAVE EXPECTED A RECOMMENDATION INVOLVING SOME TYPE OF QUOTAS. STRONGER REACTION, ACCOMPANIED BY ADVERSE PUBLICITY AND EDITORIAL COMMENTS, WILL NO DOUBT FOLLOW IF THE PRESIDENT ACCEPTS THE ITC RECOMMENDATION. FORTUNATELY, THE MISAPPREHENSION EVIDENCED BY THE GAZETA MERCANTIL -- TYING THE SIMON-SIMONSEN AGREEMENT OF MAY 1976 ON THE ELIMINATION OF THE ICM INCENTIVES ON SHOES TO THE ITC INVESTIGATION -- WAS NOT REFLECTED IN OTHER PAPERS.

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NOTE BY OCT: #TEXT AS RECEIVED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, CLOTHING, FOOTWEAR, PRICES, TARIFFS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770011-1091
Format: TEL
From: BRASILIA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770160/aaaacai.tel
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TAGS: ETRD, BR, US
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